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Oilseeds and Products

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Approved by:

Norval E. Francis, Jr.

U.S. Mission to the EU

Prepared by:

Karin Bendz

Report Highlights:

The EU oilseed situation is largely influenced by the demand for biodiesel. Despite the two last years record harvests of rapeseed the demand for rapeseed oil is still higher than the supply. This has caused turbulence on the market and crushers are now changing the plants from soybeans to rapeseed or multi-seed crushing plants.

High price of rapeseed oil in the EU has effects on the food sector. The food sector utilizes increasing amounts of sunflower oil, which used to be the most expensive oil in the EU but is now one of the cheapest and currently about \$150/ton cheaper than rapeseed oil.

Despite press reports that have cited deforestation in Malaysia and Indonesia as an affect of Palm oil production, the importation and use of Palm oil continues to grow.

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This report was only possible through the assistance, input and knowledge of:

Petra Hrdlickova from FAS Prague
Bob Flach from FAS The Hague
Marie-Cecile Henard from FAS Paris
Jennifer Wilson from FAS London
Roswitha Krautgartner from FAS Vienna
Hasse Kristensen from FAS Copenhagen
Asa Lexmon from FAS Stockholm
Sabine Lieberz from FAS Berlin
Jana Mikulasova from FAS Slovakia
Wlodek Makowski FAS Warsaw
Andreja Misir, from FAS Zagreb
Ferenc Nemes from FAS Budapest
Sandro Perini from FAS Rome
Leonor Ramos from FAS Lisbon
Stamatis Sekliziotis from FAS Athens

Data in this report is based on FAS analysts in the EU and is not official USDA data.

HA = Hectares

MT = Metric ton

Benelux = Belgium, the Netherlands and Luxembourg

MS = Member State

MY = Marketing Year.

The EU local marketing years used in this report are:

Oct - Sep

Soybean complex
Sunflower complex
Cottonseed complex
Peanut complex

July - June

Rapeseed complex
Olive Oil

Jan - Dec

Copra complex
Palm Kernel complex
Palm Oil
Fish Meal

Executive Summary

The oilseeds situation is currently largely influenced by the demand for biodiesel in the EU. The demand for rapeseed, which is the most important oilseed in the EU, has encouraged expansion of rapeseed area. This increase, together with favorable weather conditions, has led to record rapeseed harvests over the last two years. However, despite these record harvests, demand for rapeseed has exceeded production leading to increased rapeseed imports and declining exports.

Because of continued low crush margins for soybeans relative to rapeseed, more and more crushers are turning from soybeans to multi-seed or rapeseed crushing. However there is a difference between Northern and Southern Europe. In Northern Europe where rapeseed is grown, there is an increased focus on rapeseed crush and consumption. In Southern Europe, mainly Italy, Spain and Portugal, an increase in soybean use is expected. This increase reflects a growing interest in soy-based biodiesel in this region and plans for expanding crushing and processing facilities.

In the EU, about 80 percent of biodiesel is produced from rapeseed oil. It is not possible to use pure soybean oil to produce biodiesel in the EU. The CEN 14214 standard for biofuels in the EU limits the use of soyoil to a 20-25 percent blend as measured by the Iodine value. However Spain has adopted a higher Iodine value that allows for the use of pure soyoil as fuel. The CEN standards will be reviewed during 2006.

The high price of rapeseed oil in the EU has implications in the food sector. The food sector is expected to utilize increasing amounts of sunflower oil over the next few years. Sunflower oil was one of the most expensive oils in the EU while rapeseed oil used to be one of the cheapest oil. However, this relationship has been altered by rising biodiesel demand such that sunflowerseed oil is now much cheaper than rapeseed oil, currently trading about \$150/ton less than rapeseed oil.

Because of this price difference and since sunflowerseed oil is regarded to be a high quality oil, demand for sunflower oil is increasing and imports to the EU are growing.

Summary EU 25 oilseeds (1000MT)			
Year	2004/05	2005/06	2006/07
Production	20,882	20,755	20,805
Imports	15,910	15,613	15,764
Exports	281	274	182
Total use	35,334	35,907	36,332

Source: FAS offices in the EU25

Summary EU25 Oils (1000MT)			
Year	2004/05	2005/06	2006/07
Production	9,650	9,954	10,839
Imports	6,231	7,096	7,612
Exports	842	763	733
Industrial use	4,610	5,603	7,151
Total use	15,042	16,404	17,870

Source: FAS offices in the EU25

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SOYBEAN COMPLEX

EU25 Soybeans (1000 MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Area (1000 ha)	272	263	310	273	300	305
Beginning Stocks	700	700	1,235	888	1,294	739
Production	786	801	856	874	825	943
Extra EU25 imports	15,750	14,232	14,800	13,684	14,600	13,847
TOTAL SUPPLY	17,236	15,733	16,891	15,446	16,719	15,529
Extra EU25 exports	10	8	10	12	10	11
Crush	14,095	13,594	13,700	13,575	13,550	13,655
Food Use	109	125	110	130	110	128
Feed, Seed, Waste	1,787	1,118	1,777	990	1,750	893
TOTAL Use	15,991	14,837	15,587	14,695	15,410	14,676
Ending Stocks	1,235	888	1,294	739	1,299	842
TOTAL DISTRIBUTION	17,236	15,733	16,891	15,446	16,719	15,529

Source: FAS

EU soybean production is expected to increase in 2005/06 and 2006/07. This increase is mainly caused by the reform of the EU sugar sector encouraging Italian farmers to shift from sugar beet to soybean production. In other EU Member States, little change in soybean production levels is anticipated.

During 2006/2007, EU soybean imports are expected to recover from a reduction experienced during 2005/06. This reduction is a consequence of different import trends between Northern Europe and Southern Europe, caused by the increased use of rapeseed in Northern Europe. Imports to the Benelux, Germany, the UK and France are expected to decline or at least stabilize due to increased domestic rapeseed crushing. In Italy, Spain and Portugal, imports are expected to increase, primarily as a result of investments in biodiesel plants, which are planned to include crushing facilities.

A general trend in the Northern EU is that soybean-crushing plants are being converted to multi-seed crushing plants capable of crushing rapeseed. In Germany, most of this conversion has already taken place.

EU imports of soybeans from the U.S. are expected to decline during 2005/06. During the first five months of 2005/06, Benelux, Germany, France and the UK reduced imports from the U.S. One of the reasons is that soybeans from Argentina and Brazil generally have a higher protein and oil content, and a lower foreign matter. Another reason for increased imports from Brazil is that European crushers prefer non-GM soybeans and those are more available in Brazil. Also, high U.S. domestic prices and the heavy hurricane season had reportedly a negative effect on imports from the U.S.

In 2006/07, EU crushers believe that imports of U.S. soybeans will only decline marginally as high stocks of soybeans have remained in the U.S. and a good U.S. crop is expected in 2006. In addition, supply from South America could stagnate as farmers face financial difficulties that could impact plantings in 2006.

In March 2006, Greenpeace protested against the use of Brazilian soybeans in the ports of Amsterdam and Ghent due to their reported negative impact on the rain forests. However, these protests are believed to have no effect on Brazilian imports. Sector organizations are, however, reportedly working on measures to market Brazilian beans as more sustainable.

EU25 Soybean Meal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	07/2004		07/2005		07/2006	
Crush	14,095	13,594	13,700	13,575	13,550	13,655
Extraction Rate	0.7869	0.7912	0.7872	0.7931	0.7860	0.7919
Beginning Stocks	850	850	856	992	863	992
Production	11,092	10,755	10,785	10,767	10,650	10,813
Extra EU25 imports	22,100	21,654	22,500	22,019	22,900	22,114
TOTAL SUPPLY	34,042	33,259	34,141	33,778	34,413	33,919
Extra EU25 exports	511	508	593	553	650	509
Industrial	10	10	10	10	10	10
Food Use	30	30	30	32	30	32
Feed, Seed, Waste	32,635	31,719	32,645	32,191	32,858	32,348
TOTAL Use	32,675	31,759	32,685	32,233	32,898	32,390
Ending Stocks	856	992	863	992	865	1,020
TOTAL DISTRIBUTION	34,042	33,259	34,141	33,778	34,413	33,919

Source: FAS

EU soybean meal imports are expected to increase marginally during 2005/06 and 2006/07. Imports of soymeal are impacted by the factors cited earlier with regards to decreased crush. In the Benelux and Germany, imports will increase as a result of lower domestic production, mainly caused by the switch to rapeseed crushing. This switch is caused by the rising demand for rapeseed oil for the biofuels sector and the relative decline in soybean crush margins. Meanwhile in the Iberian Peninsula, imports are expected to decline due to increased domestic soybean crushing.

Due to the strong competition with South American soybean meal, Benelux crushers reportedly have more difficulty in marketing their product. Crushers report that the revenues made on oil are increasingly getting more important relative to the revenues made on meal. The third biggest source, following Argentina and Brazil, of soymeal for the EU is Norway. Norway imports GMO-free soybeans from Brazil, crushes them and then exports soyoil and some of the soymeal to the EU. Norway has strict limitations on imports of agricultural biotechnology products, stricter than those in the EU. Before 1996 when these limitations went into force, the US supplied 60-80 percent of the Norwegian market.

During 2005/06 and 2006/07, EU soybean meal consumption is anticipated to increase marginally. In the Benelux, feed use of soybean meal has been about 5 percent in pig and cattle feed, and 10 percent in poultry feed during 2005/06. In Western Europe, rapeseed meal is expected to compete increasingly with soybean meal because of increased availability and competitive price. Soybean meal could, however, benefit from the expected limited global wheat supply situation in 2006/07. Tight supplies of tapioca, which is normally used in combination with soybean meal, could complicate matters.

EU soybean meal consumption is expected to increase during 2005/06 and 2006/07. This is mainly a result of increased consumption in Poland, caused by increasing demand for feed in response to increasing livestock production. Both poultry and swine production increased significantly in 2005 and are expected to increase further. In Hungary, soybean meal consumption is reportedly limited as intra-EU trade has reached a maximum due to the logistical limits of the Danube. Before accession, Hungary was supplied with soybean meal from Brazil.

Avian influenza (AI) outbreaks only affected soybean meal consumption temporarily. In Germany and the Benelux countries, higher pork production balanced lower poultry meat production. Only in Italy, was soybean consumption negatively affected by the AI scare. In France, soybean meal consumption is anticipated to decline as an effect of the declining compound feed production, due to the shrinking animal numbers.

EU25 Soybean Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	07/2004		07/2005		07/2006	
Crush	14,095	13,594	13,700	13,575	13,550	13,655
Extraction Rate	0.1790	0.1787	0.1760	0.1793	0.1760	0.1785
Beginning Stocks	215	215	230	191	210	190
Production	2,523	2,429	2,415	2,434	2,380	2,438
Extra EU25 imports	163	163	350	400	450	600
TOTAL SUPPLY	2,901	2,807	2,995	3,025	3,040	3,228
Extra EU25 exports	514	501	415	350	400	250
Industrial	400	398	600	726	775	1,100
Food Use	1,636	1,550	1,629	1,582	1,542	1,540
Feed, Seed, Waste	121	168	121	177	123	187
TOTAL Use	2,157	2,115	2,350	2,485	2,440	2,827
Ending Stocks	230	190	230	190	200	151
TOTAL DISTRIBUTION	2,901	2,807	2,995	3,025	3,040	3,228

Source: FAS

EU soybean oil imports are expected to increase in 2005/06 and 2006/07 as a result of increased use in biodiesel, and stagnant domestic production, particularly in Western Europe. Increased use of soybean oil in biodiesel is anticipated in Germany, Spain and Portugal. Germany will also increase soybean oil imports for use as pure vegetable oil for fuel use in trucks. The main suppliers of soybean oil to the EU are Brazil, Norway and Argentina. The soyoil imported from Norway originates from Brazilian beans.

As a consequence of the lower availability of soybean oil, EU exports are expected to decline. It is even anticipated that the EU will be a net importer of soybean oil during 2005/06

During 2005/06, food use of soybean oil is expected to peak due to the favorable price relation with rapeseed oil. During the next season, however, food use is expected to decline due to partial replacement by sunflower seed oil and tropical oils, in particular palm oil.

In the Iberian Peninsula vegetable oil use in biodiesel is expected to increase in 2005/06 due to new crushing plants coming on line. Some of the oil that may have been exported, or in

the years before labeling and traceability would have been destined for the domestic food market, will now be used to produce biodiesel. Soybean can more easily be used for biodiesel production in Spain, since Spain has adopted a different standard for biodiesel. The Spanish standard has a more liberal limitation for the Iodine value.

RAPESEED COMPLEX

The European rapeseed market is currently impacted by the significant development of the biodiesel industry, using rapeseed oil as the primary raw material to process biodiesel. Large biodiesel plants and crushing facilities have been, are, and plan to be built in future years mainly in Germany, France and the Netherlands. Consequently, there is significantly higher intra-EU trade of rapeseed and rapeseed oil to supply these plants, which does not appear in the final PS&D, where only extra-EU trade appears.

EU25 Rapeseed (1000 MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	07/2004		07/2005		07/2006	
Area (1000 ha)	4,500	4,500	4,731	4,762	5,000	4,876
Beginning Stocks	227	573	1,215	1,370	1,167	1,702
Production	15,336	15,286	15,411	15,417	16,250	15,161
Extra EU25 imports	107	105	400	207	400	326
TOTAL SUPPLY	15,670	15,964	17,026	16,994	17,817	17,189
Extra EU25 exports	200	186	190	178	140	101
Crush	13,015	13,237	14,250	14,032	15,000	14,514
Food Use	0	0	0	0	0	0
Feed, Seed, Waste	1,240	1,171	1,381	1,082	1,510	989
TOTAL Use	14,255	14,408	15,631	15,114	16,510	15,503
Ending Stocks	1,215	1,370	1,205	1,702	1,167	1,585
TOTAL DISTRIBUTION	15,670	15,964	17,026	16,994	17,817	17,189

2004/05, beginning stocks have been revised up in order to include on-farm stocks. Source: FAS

In 2005/06, European rapeseed production increased, as a result of the higher demand for industrial processing into biodiesel primarily in Germany and France, where record crops were harvested. As European biodiesel production principally derives from rapeseed oil, crush increased, at the expense of soybean crush. The increased crush was made possible by the earlier mentioned conversion of several crushing plants from soybean to rapeseed or multi-seed crushing plants, in the Netherlands, Germany and France.

Limited crush capacity in 2005/06 coupled with large domestic rapeseed supplies led to significantly increased stocks over the past two years. This led to somewhat lower rapeseed prices and complaints from growers expecting better returns for their crop. Increased crush capacity could reduce the backlog of rapeseed waiting to be crushed and help firm seed prices received by growers. Higher seed prices, coupled with somewhat lower oil prices could combine to reduce rapeseed crush margins in the future.

In 2006/07, EU rapeseed production is not expected to be as high as in the two previous record-years, which benefited from optimal growing conditions. This decrease would be due mainly to reduced crops due to less favourable weather conditions and some winterkill. Also,

the late and cold arrival of the springtime is expected to have some effect on the rapeseed production. In some MS, namely France and Germany, the expected lower yields are compensated by an increase in area.

The driving force in rapeseed production 2006/07 will continue to be the demand for biodiesel. With an expansion of total EU crushing capacity, primarily in the Netherlands and Germany, EU rapeseed crush is expected to increase sharply in 2006/07. Demand for crush is likely to be so high that increasing import are expected to be needed to supply crushing plants. These imports are expected to come mainly from Ukraine, Russia, and Canada.

In 2006/07, a reduction in stocks is expected, in line with increased crush and lower prices than in 2005/06.

EU25 Rapeseed Meal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	07/2004		07/2005		07/2006	
Crush	13,015	13,237	14,250	14,032		14,514
Extraction Rate	0.5801	0.5565	0.5804	0.5580	0.5800	0.6132
Beginning Stocks	110	110	110	130	130	161
Production	7,550	7,367	8,270	7,830	8,700	8,900
Extra EU25 imports	105	121	100	92	75	90
TOTAL SUPPLY	7,765	7,598	8,480	8,052	8,905	9,151
Extra EU25 exports	58	68	75	47	50	60
Industrial	0	0	0	0	0	0
Food Use	0	0	0	0	0	
Feed, Seed, Waste	7,597	7,400	8,275	7,844	8,725	8,919
TOTAL Use	7,597	7,400	8,275	7,844	8,725	8,919
Ending Stocks	110	130	130	161	130	172
TOTAL DISTRIBUTION	7,765	7,598	8,480	8,052	8,905	9,151

Source: FAS

In conjunction with rapeseed crush, European rapeseed meal production is on an increasing trend. A significant part of the rapeseed meal produced in Europe is now a by-product of the biodiesel processing industry. The bulk of the rapeseed meal produced is consumed in animal feed, partially replacing soybean meal and corn gluten feed in feed rations, and principally for dairy cows. In Germany, rapeseed meal is also used for bulls and to a lesser extent for hogs.

Rapeseed meal is currently considered to be the cheapest source of protein, and its consumption increased significantly, mostly in the Netherlands, Germany and France.

In Germany and France, the rapeseed industry has funded research and has done promotion to overcome farmer bias against the use of rapeseed meal in livestock production. This bias stem from when rapeseed still contained high amounts of eruric acid and glucosinulates, which caused animals to stay away from the feed or resulted in digestion problems. In the new varieties of rapeseed this is no longer the case, and farmers can increase the use of rapeseed meal in feed without theses adverse consequences.

However, in other countries like the Czech Republic and Hungary, farmers are more reluctant to switch from soybean meal to rapeseed meal, as they hesitate to change for a product they don't know and which they believe their animals won't necessarily like.

EU25 Rapeseed Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	07/2004		07/2005		07/2006	
Crush	13015	13,237	14,250	14,032		14,514
Extraction Rate	0.415	0.406	0.415	0.410	0.415	0.453
Beginning Stocks	152	152	200	353	150	270
Production	5400	5,377	5,910	5,746	6,225	6,570
Extra EU25 imports	38	37	235	235	300	300
TOTAL SUPPLY	5,590	5,566	6,345	6,334	6,675	7,140
Extra EU25 exports	125	92	75	90	75	70
Industrial	2593	2,455	3,500	3,470	4,125	4,600
Food Use	2631	2,661	2,530	2,500	2,300	2,300
Feed, Seed, Waste	41	5	40	4	25	4
TOTAL Use	5,265	5,121	6,070	5,974	6,450	6,904
Ending Stocks	200	353	200	270	150	166
TOTAL DISTRIBUTION	5,590	5,566	6,345	6,334	6,675	7,140

Source: FAS

European rapeseed oil production is triggered by demand from the biodiesel processing industry, principally based in Germany and France and in the near future also in the Netherlands. In addition to higher domestic production, non-food use demand has resulted in increased import demand, mainly from the United States, Canada and the Ukraine.

While industrial use of rapeseed oil accounted for less than half of total rapeseed oil consumption in 2004/05, it is expected to jump to 60 and 70 percent in 2005/06 and 2006/07, respectively. About 95 percent of the current demand growth is due to biofuels.

Despite the record rapeseed crushings, oil production is not keeping pace with demand. This is widening the domestic supply gap and is expected to boost EU import demand for the foreseeable future. However, as more crush capacity comes on line, domestic crush will be in a better position to meet growing EU demand for rapeseed oil. This could lead to reduced tightness in the rapeseed oil market resulting in some softening in EU rapeseed oil prices.

The increase in industrial consumption of rapeseed oil is likely to occur at the expense of food use, and the food industry has expressed concern about rising prices for rapeseed oil. A reduction in rapeseed oil consumption by the food sector is expected to be offset by increased consumption of sunflower seed oil in 2006/07.

SUNFLOWER COMPLEX

EU25 Sunflowerseed (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Area (1000 ha)	2,214	2,206	2,024	2,017	2,250	2,062
Beginning Stocks	447	447	475	655	439	657
Production	4,188	4,158	3,724	3,724	3,900	4,000
Extra EU25 imports	692	709	940	850	850	700
TOTAL SUPPLY	5,327	5,314	5,139	5,229	5,189	5,357
Extra EU25 exports	109	77	27	70	50	60
Crush	4,138	4,090	4,060	4,000	4,124	4,050
Food Use	168	174	175	182	175	200
Feed, Seed, Waste	437	318	438	320	420	320
TOTAL Use	4,743	4,582	4,673	4,502	4,719	4,570
Ending Stocks	475	655	439	657	420	727
TOTAL DISTRIBUTION	5,327	5,314	5,139	5,229	5,189	5,357

Source: FAS

The top three producers of sunflower seed in the EU are France, Hungary and Spain. Sunflower seed production of the EU25 is stagnating, mainly due to decreased area in the major production regions of France and Spain. Sunflowerseed production has fluctuated strongly the last few years because of a serious drought in Spain last year. This led to higher imports in 2005/06. The area devoted to sunflower is increasing in Hungary and Italy, but it may only offset the reduction in plantings elsewhere in the EU. The most important import sources are Romania and Bulgaria.

Rapeseed offers better crush margins than sunflowerseed, which competes with sunflowerseed for limited crushing capacity. Germany has only one crusher remaining that continues to process sunflower.

Demand for confectionary sunflowerseed continues to grow in the EU as consumers increasing view sunflowerseeds as a healthy part of their diet.

As availability of sunflower and products decrease in Europe and prices increase, Hungary has chosen to specialize in sunflowerseeds and currently export most of their rapeseed crop to other EU countries.

EU25 Sunflowerseed Meal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Crush	4,138	4,090	4,060	4,000	4,124	4,050
Extraction Rate	0.5607	0.5391	0.5603	0.5275	0.5600	0.5309
Beginning Stocks	109	109	86	82	88	61
Production	2,320	2,205	2,275	2,110	2,310	2,150
Extra EU25 imports	1,773	1,773	1,800	1,772	1,850	1,780
TOTAL SUPPLY	4,202	4,087	4,161	3,964	4,248	3,991
Extra EU25 exports	5	5	5	3	2	2
Industrial	0	0	0	0	0	0
Food Use	0	0	0	0		0
Feed, Seed, Waste	4,111	4,000	4,060	3,900	4,158	3,950
TOTAL Use	4,111	4,000	4,060	3,900	4,158	3,950
Ending Stocks	86	82	96	61	88	39
TOTAL DISTRIBUTION	4,202	4,087	4,161	3,964	4,248	3,991

Source: FAS

Sunflower meal use in the EU is limited to animal feeds. The low crush margins compared to rapeseed and the large availability of rapeseed meal is keeping production for sunflower meal low.

EU25 Sunflowerseed Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Crush	4,138	4,090	4,060	4,000	4,124	4,050
Extraction Rate	0.3975	0.4227	0.3966	0.4125	0.3980	0.4222
Beginning Stocks	269	269	234	170	228	84
Production	1,645	1,729	1,610	1,650	1,640	1,710
Extra EU25 imports	887	839	990	1,000	1,050	1,100
TOTAL SUPPLY	2,801	2,837	2,834	2,820	2,918	2,894
Extra EU25 exports	118	108	69	100	70	100
Industrial	95	109	95	136	100	145
Food Use	2,354	2,450	2,442	2,500	2,518	2,550
Feed, Seed, Waste	0	0	0	0		0
TOTAL Use	2,449	2,559	2,537	2,636	2,618	2,695
Ending Stocks	234	170	228	84	230	99
TOTAL DISTRIBUTION	2,801	2,837	2,834	2,820	2,918	2,894

Source: FAS

Historically, sunflower oil commanded a premium price in the EU while rape oil was sold at a discount. However, these roles have reversed as biodiesel demand has forced rape oil prices

higher and increased sun oil availability, particularly from eastern Europe, Russia and the Ukraine, have driven sun oil prices lower. Currently, sun oil prices are running at a discount of \$150/ton to rapeseed oil.

Because of this price difference and since sunflowerseed oil is regarded as a high quality oil, demand for sunflower oil is increasing and imports to the EU are growing.

Imports increases are focused on traditional importer regions, mainly in the Benelux countries France and Spain. Sources are primarily Argentina and the Black Sea region. EU exports of sunflower oil are small, about one tenth of imports, mainly to countries in the Balkans.

There has also been an increase demand for sunflowerseed oil for industrial uses, mainly from oleic varieties. This is caused by the demand for biodiesel and its lower cost relative to rapeseed oil.

PALM OIL

Palm Oil (1000MT)						
	2003/04		2004/05		2005/06	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Calendar Year Begin						
Beginning Stocks	198	198	200	105	200	167
Production		0		0	0	0
Extra EU25 imports	3,959	3,730	4,500	4,119	4,900	4,250
TOTAL SUPPLY	4,157	3,928	4,700	4,224	5,100	4,417
Extra EU25 exports	127	105	150	121	165	150
Industrial	995	1,100	1,365	924	1,620	1,100
Food Use	2,575	2,370	2,720	2,756	2,850	2,770
Feed, Seed, Waste	260	248	265	256	265	250
TOTAL Use	3,830	3,718	4,350	3,936	4,735	4,120
Ending Stocks	200	105	200	167	200	147
TOTAL DISTRIBUTION	4,157	3,928	4,700	4,224	5,100	4,417

Source: FAS

Despite press reports that have cited de-forestation in Indonesia and Malaysia as a negative effect of the production of palm oil, the importation and use of palm oil in the European Union continues to grow.

Palm oil will increasingly be used for industrial and food purposes - firstly due to its relatively low price, almost half the price of rapeseed oil, and secondly due to its specific properties. According to refiners, palm oil is increasingly a preference for food production since it has a neutral taste and it does not have to be hydrogenated, and therefore no trans-fats are formed. Alternative EU markets for palm oil are the production of cosmetics and soap products, the production of "green electricity", and to a lesser extent biodiesel.

The major importers in the European Union are The Netherlands, Germany U.K and France. The Netherlands is by far the most important market with the greatest capacity for palm oil refining and combustion. In Rotterdam, a palm oil refining plant with a capacity of nearly 1,000,000 MT became fully operational in 2006. Another plant with a capacity of 300,000 MT reported its first start up.

Electricity generation accounted for the utilization of approximately 400,000 MT of palm oil in The Netherlands in 2005. The production of "green electricity" has the potential to boost demand for palm oil by more than 1,000,000 MT annually. However, according to the main "green electricity" producer in The Netherlands, the Dutch Government will cut the subsidy on using palm oil. This decision is partly driven by the negative publicity on the sustainability of palm oil. As a result of actions by protest groups, the use of palm oil is expected to decline in 2006 and Dutch production of renewable energy is expected to drop significantly. It is expected that the energy market's palm oil use will exhibit slower growth in 2006, compared to 2005. Which explains the lower use of palm oil for industrial uses in 2006.

In the EU the major incentive to use palm oil rather than other oils is its competitive price compared to soybean oil or rapeseed oil. According to FEDIOL, the EU oil and protein meal industry organization, the huge increase in imports of raw palm oil is caused by tax exemptions for the Malaysian companies in the EU. These companies can buy the raw material from Malaysia without export taxes, which gives their palm oil a price advantage of about \$60 per ton, compared to other oils in the EU.

OLIVE OIL

EU25 Olive Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	07/2004		07/2005		07/2006	
Trees		6,086		6,088		6,091
Beginning Stocks	958	857	914	767	638	441
Production	2098	2,155	1,650	1,829	2,200	2,083
Extra EU25 imports	165	187	190	205	202	193
TOTAL SUPPLY	3,221	3,199	2,754	2,801	3,040	2,717
Extra EU25 exports	361	351	325	358	375	338
Industrial	51	51	51	51	50	51
Food Use	1895	1,972	1,740	1,900	1,900	1,908
Feed, Seed, Waste	0	58	-	51		46
TOTAL Use	1,946	2,081	1,791	2,002	1,950	2,005
Ending Stocks	914	767	638	441	715	374
TOTAL DISTRIBUTION	3,221	3,199	2,754	2,801	3,040	2,717

Source: FAS

The EU is the world's leading producer of olive oil accounting for 80 percent world production and consuming 70 percent of the world's olive oil.

The common market organization (CMO) in olive oil and table olives has been profoundly changed with the partial passage to a system of single payments per holding. Single payments per holding apply to the CMO in olive oil and table olives from the 2005/06 marketing year.

CAP reform of the olive sector is expected to lead to long term reductions as less competitive producers leave the industry. The sector is also expected to restructure and focus efforts on production of high quality bottled products. The sector is also expected to move towards greater self-sufficiency and less dependence on public funding as it becomes more market oriented.

Olive production in the EU is expected to recover from the dip caused by a severe drought in the Iberian Peninsula last year and the natural fluctuations of the olive harvest. Food consumption is expected to follow the increasing trend as Olive oil is regarded as healthful dietary oil because of its high content of monounsaturated fat, mainly oleic acid, and polyphenols.

In May 2006 Sweden petitioned to the Commission to intervene in the market situation for olive oil and reduce custom duties or open new quota with lower tariffs. The suggestion was backed by Poland the UK, The Czech Republic, Slovenia and Lithuania, and was initiated by the high olive oil prices and lower than usual stocks this year. However the olive producing MS, Spain, Italy, Cyprus, France, Portugal and Malta all spoke against the request, asking that the market be left to rebalance itself. The Commissioner acknowledged that the difficult weather conditions had resulted in a poor 2005 harvest, but said that prices had begun to decrease and the long-term situation looked much brighter.

FISHMEAL

EU25 Fishmeal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Catch for reduction	1600	1,387	1,600	1,117	1,600	1,540
Extraction Rate	0.313	0.336	0.313	0.363	0.313	0.314
Beginning Stocks	24	-	25	-	20	20
Production	500	466	500	405	500	483
Extra EU25 imports	633	570	625	596	625	585
TOTAL SUPPLY	1,157	1,036	1,150	1,001	1,145	1,088
Extra EU25 exports	244	244	250	240	250	244
Industrial	0	-	-	-	-	-
Food Use	0	6	-	6	-	6
Feed, Seed, Waste	887	786	875	755	875	838
TOTAL Use	887	792	875	761	875	844
Ending Stocks	26	-	25	-	20	-
TOTAL DISTRIBUTION	1,157	1,036	1,150	1,001	1,145	1,088

The extraction rate might be misleading since some MS have production but no catch for reduction. Source: FAS

The use of fishmeal in the European Union has been directly or indirectly influenced by policies such as measures regarding BSE and dioxin. To a lesser extent the use is related to the price of soybean meal.

Denmark is the most important Member State for fishmeal and accounts for about 60 percent of the EU fishmeal production, mainly produced from tobis. Domestic consumption in Denmark is mainly in mink feed, but exporters are trading fishmeal all over the world. Fishmeal use has been minimized during the past few years and is found in low levels in piglet feeds and to some extent broiler feeds. Fishmeal is seen as an ingredient with a lot of minor but important nutrients not present in vegetable ingredients. Fishmeal is still used in high levels in fish feed.

In the European Union, fishmeal currently is prohibited from ruminant feeds because the Commission fears it could be accidentally or deliberately adulterated with meat and bone meal (MBM).

The fishmeal ban was introduced in January 2001 as part of the BSE control measures. However the Commission has argued since 2003 that fishmeal is inherently safe and that based on scientific assessment of the diets of young ruminants, it is desirable to allow these animals to be fed using fishmeal. In May 2006 the Members of the European Parliament voted for a Commission proposal, which would open the way for fishmeal to be reintroduced as an ingredient in feed for young cattle. Fishmeal has never been seriously implicated as a cause of BSE, but the Commission has had concerns in the past that it may prove

indistinguishable from other forms of ruminant meal, and that its authorization may encourage the fraudulent use of other meals.

At present, fishmeal is authorized for use in pig feed and poultry feed.

COTTON COMPLEX

EU25 Cottonseed						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Area	470	458	445	472	435	455
Beginning Stocks	10	35	27	12	27	6
Production	750	637	794	740	770	701
Extra EU25 imports	127	122	130	143	125	165
TOTAL SUPPLY	887	794	951	895	922	872
Extra EU25 exports	45	3	105	6	85	3
Crush	475	455	480	457	475	505
Food Use	0	-	-	-	-	-
Feed, Seed, Waste	340	324	339	426	337	351
TOTAL Use	815	779	819	883	812	856
Ending Stocks	27	12	27	6	25	13
TOTAL DISTRIBUTION	887	794	951	895	922	872

Source: FAS

In the European Union Greece, Spain and Portugal produce cotton commercially.

Extensive changes have been made to the aid arrangements for cotton in the European Union, with part of the EU aid paid to ginnerers being converted into a single farm payment. To safeguard production in certain areas, area aid will continue to make up 35 percent of total aid.

These new aid arrangements apply from January 1, 2006. There is a partial move to a system of decoupling and single farm payments. The move is only partial in that 35 percent of the aid will continue to be provided in the form of an area payment, as direct aid. The remaining 65 percent is provided as a single farm payment. Under previous arrangements the growers did not benefit from direct aid for cotton but rather from the indirect aid paid to ginnerers. During the reference period 2000 to 2002, no direct producer aid for cotton existed in the EU.

The Government of Spain has won a case against the European Commission cotton reform at the level of the EU General Attorney. The case was based on the Commission not having accomplished an economic impact assessment of the cotton reform in the region Andalusia, where most of the Spanish cotton is grown. In April 2006 the EU general Attorney issued a recommendation directed to the EU Court of Justice to have the Cotton Reform annulled. The recommendation leaves the current cotton reform in place until a new one is approved.

In the current WTO discussions, African countries have already called for a specific limit on Blue Box supports for cotton. This would be set at one-third of the Blue Box ceilings for agriculture as a whole. This initiative is targeted primarily at the US, although the EU cautioned that its current reform program relied on being able to use the Blue Box instead of more trade-distorting Amber Box supports.

EU25 Cottonseed Meal						
	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
Calendar Year Begin	10/2004		10/2005		10/2006	
Crush	549	455	590	457		505
Extraction Rate	0.432	0.442	0.431	0.499	0.432	0.444
Beginning Stocks	13	6	9	4	9	8
Production	205	201	207	228	205	224
Extra EU25 imports	88	26	75	27	78	27
TOTAL SUPPLY	306	233	291	259	292	259
Extra EU25 exports	2	-	-	-		-
Industrial	0	-	-	-		-
Food Use	0	-	-	-		-
Feed, Seed, Waste	295	229	282	251	282	251
TOTAL Use	295	229	282	251	282	251
Ending Stocks	9	4	9	8	10	8
TOTAL DISTRIBUTION	306	233	291	259	292	259

Source: FAS

EU25 Cottonseed Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Crush	549	455	590	457		505
Extraction Rate	0.158	0.158	0.158	0.177	0.158	0.156
Beginning Stocks	2	2	2	4	3	7
Production	75	72	76	81	75	79
Extra EU25 imports	2	4	2	4	2	4
TOTAL SUPPLY	79	78	80	89	80	90
Extra EU25 exports	7	-	7	-	7	-
Industrial	0	1	-	1		1
Food Use	70	68	70	74	70	76
Feed, Seed, Waste	0	5	-	7		8
TOTAL Use	70	74	70	82	70	85
Ending Stocks	2	4	3	7	3	5
TOTAL DISTRIBUTION	79	78	80	89	80	90

Source: FAS

PALM KERNEL, PEANUTS AND COPRA

Palm Kernel, Peanuts and Copra are not produced in the European Union and are purely trade and price affected.

PALM KERNEL COMPLEX

EU25 Palm Kernel (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Area	0	-	-	-	-	-
Beginning Stocks	0	-	-	-	-	-
Production	0	-	-	-	-	-
Extra EU25 imports	49	46	50	38	50	38
TOTAL SUPPLY	49	46	50	38	50	38
Extra EU25 exports	0	-	-	-	-	-
Crush	49	46	50	38	50	38
Food Use	0	-	-	-	-	-
Feed, Seed, Waste	0	-	-	-	-	-
TOTAL Use	49	46	50	38	50	38
Ending Stocks	0	-	-	-	-	-
TOTAL DISTRIBUTION	49	46	50	38	50	38

Source: FAS

EU25 Palm Kernel Meal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Crush	50	46	50	38	-	38
Extraction Rate	0.551	0.391	0.560	0.474	0.560	0.474
Beginning Stocks	0	2	-	3	-	1
Production	27	18	28	18	28	18
Extra EU25 imports	2849	2,883	3,000	2,961	3,150	2,915
TOTAL SUPPLY	2,876	2,903	3,028	2,982	3,178	2,934
Extra EU25 exports	0	9	-	10	-	10
Industrial	500	336	600	550	650	700
Food Use	0	-	-	-	-	-
Feed, Seed, Waste	2376	2,555	2,428	2,421	2,528	2,223
TOTAL Use	2,876	2,891	3,028	2,971	3,178	2,923
Ending Stocks	-	3	-	1	-	1
TOTAL DISTRIBUTION	2,876	2,903	3,028	2,982	3,178	2,934

Source: FAS

EU25 Palm Kernel Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Crush	50	46	50	38		38
Extraction Rate	0.429	0.391	0.420	0.474	0.420	0.474
Beginning Stocks	47	43	46	54	48	33
Production	21	18	21	18	21	18
Extra EU25 imports	620	609	634	543	641	657
TOTAL SUPPLY	688	670	701	615	710	708
Extra EU25 exports	2	1	2	-	1	-
Industrial	108	279	114	273	115	321
Food Use	516	317	520	290	532	336
Feed, Seed, Waste	16	19	17	19	15	19
TOTAL Use	640	615	651	582	662	676
Ending Stocks	46	54	48	33	47	32
TOTAL DISTRIBUTION	688	670	701	615	710	708

Source: FAS

PEANUT COMPLEX						
EU25 Peanuts (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Area	0	-	-	6		5
Beginning Stocks	3	10	13	15	15	17
Production	0	-	-	-	-	-
Extra EU25 imports	725	613	745	598	750	608
TOTAL SUPPLY	728	623	758	613	765	625
Extra EU25 exports	16	7	15	8	15	7
Crush	40	10	50	10	45	10
Food Use	656	590	675	577	690	592
Feed, Seed, Waste	3	1	3	1	3	1
TOTAL Use	699	601	728	588	738	603
Ending Stocks	13	15	15	17	12	15
TOTAL DISTRIBUTION	728	623	758	613	765	625

Source: FAS

EU25 Peanut Meal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Crush	40	10	50	10		10
Extraction Rate	0.450	0.800	0.440	0.800	0.444	0.800
Beginning Stocks	0	-	-	-	-	-
Production	18	8	22	8	20	8
Extra EU25 imports	29	12	28	12	30	12
TOTAL SUPPLY	47	20	50	20	50	20
Extra EU25 exports	0	-	-	-	-	-
Industrial	0	-	-	-	-	-
Food Use	0	-	-	-	-	-
Feed, Seed, Waste	47	20	50	20	50	20
TOTAL Use	47	20	50	20	50	20
Ending Stocks	0	-	-	-	-	-
TOTAL DISTRIBUTION	47	20	50	20	50	20

Source: FAS

EU25 Peanut Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	10/2004		10/2005		10/2006	
Crush	40	10	50	10		10
Extraction Rate	0.350	0.200	0.360	0.200	0.356	0.200
Beginning Stocks	9	8	7	6	5	5
Production	14	2	18	2	16	2
Extra EU25 imports	105	104	105	105	107	105
TOTAL SUPPLY	128	114	130	113	128	112
Extra EU25 exports	3	1	5	1	5	1
Industrial	0	-	-	-	-	-
Food Use	118	102	120	104	118	104
Feed, Seed, Waste	0	5	-	3		3
TOTAL Use	118	107	120	107	118	107
Ending Stocks	7	6	5	5	5	4
TOTAL DISTRIBUTION	128	114	130	113	128	112

Source: FAS

COPRA COMPLEX

EU25 Copra (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Area	0	-	-	-	-	-
Beginning Stocks	3	3	3	5	3	11
Production	0	-	-	-	-	-
Extra EU25 imports	44	83	45	93	45	80
TOTAL SUPPLY	47	86	48	98	48	91
Extra EU25 exports	0	-	-	-	-	-
Crush	44	37	45	37	45	36
Food Use	0	44	-	50		50
Feed, Seed, Waste	0	-	-	-		-
TOTAL Use	44	81	45	87	45	86
Ending Stocks	3	5	3	11	3	5
TOTAL DISTRIBUTION	47	86	48	98	48	91

Source: FAS

EU25 Copra Meal (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Crush	30	37	30	37		36
Extraction Rate	0.341	0.351	0.333	0.351	0.333	0.361
Beginning Stocks	0	4	-	7	-	7
Production	15	13	15	13	15	13
Extra EU25 imports	80	103	80	96	80	75
TOTAL SUPPLY	95	120	95	116	95	95
Extra EU25 exports	0	-	-	-	-	-
Industrial	0	-	-	-	-	-
Food Use		-		-		-
Feed, Seed, Waste	95	113	95	109	95	88
TOTAL Use	95	113	95	109	95	88
Ending Stocks	0	7	-	7		7
TOTAL DISTRIBUTION	95	120	95	116	95	95

Source: FAS

EU25 Coconut Oil (1000MT)						
Calendar Year Begin	2004/05		2005/06		2006/07	
	USDA Official	Posts estimates	USDA Official	Posts estimates	USDA Official	Posts estimates
	01/2004		01/2005		01/2006	
Crush	42	37	45	37		36
Extraction Rate	0.545	0.622	0.558	0.622	0.556	0.611
Beginning Stocks	20	15	32	16	25	26
Production	24	23	25	23	25	22
Extra EU25 imports	759	745	755	847	765	894
TOTAL SUPPLY	803	783	812	886	815	942
Extra EU25 exports	33	34	35	33	35	27
Industrial	245	268	250	273	255	282
Food Use	473	455	482	544	480	597
Feed, Seed, Waste	20	10	20	10	20	10
TOTAL Use	738	733	752	827	755	889
Ending Stocks	32	16	25	26	25	26
TOTAL DISTRIBUTION	803	783	812	886	815	942

Source: FAS

BIODIESEL

In the EU the most important biofuel is the biodiesel, which represents about 80 percent of the biofuel sector. Unlike in the US where biodiesel is produced from soybean oil, biodiesel in the EU is mainly derived from rapeseed oil.

The European Commission has published a guideline in compliance with the "Comité Européen de Normalisation" CEN Standardization (EN 14214) in order to insure quality and performance for biodiesel. The guidelines in this publication make it more difficult to use 100 percent soybean oil as a base for biodiesel in Europe. This standardization was according to the European Commission not set to exclude some oils from the biodiesel market. To reach the demands for biodiesel, the standard is likely to be discussed relatively soon.

Iodine value for some vegetable oils

	Iodine Value (g/100g)	Melting Point (°C)
Soybean oil	125-140	-12
Sunflower oil	125-135	-18
Rapeseed oil	97-115	-8 to -5 (Derived from low eruric acid varieties) 5 (Derived from high eruric acid varieties)
Palm oil	44-58	30-38

Source: FAS the Hague

The iodine value is an indication of the content of unsaturated fatty acids. Due to the low content of unsaturated fatty acids, and low iodine number, palm oil has a high melting point, which makes it unusable for the climate in Europe.

In Spain's decree¹ for renewable fuels the iodine index was put at 140, which would allow soyoil for biodiesel.

The directive on the taxation of energy products gives the MS a legal framework to differentiate taxation between biofuels and conventional fuels. Given the biofuel production costs, it is essential to provide some kind of financial aid for the biofuel production to make it competitive.

It is the biodiesel sector that is the driving force behind the increase of vegetable oil use in Europe. Estimates are that the biofuels sector represents about 95 percent of the increase.

CARBON CREDITS

The CAP Reform of 2003 introduced the so-called Carbon Credit, which grants a payment of €45/ha to growers of energy crops, including crops grown for the production of biodiesel and bioethanol. Carbon credit is available for all agricultural crops except hemp, as long as they are used for approved energy uses, and have a contract for this. EU farmers cannot get carbon credit for energy crops on set-aside land. Currently farmers in the NMS are not eligible for the carbon credits however there is a proposal that they should be able to get this support as of 2007. No decision has yet been taken.

The €45/ha subsidy, due to its low level, is expected to have little impact in the short run on EU production of energy crops. However the Parliament has proposed that this support should be raised to €90/ha. The Commission is currently looking into changing the Carbon Credits and is expected to present a proposal at the end of 2006.

¹ Decree 1700/2003, Article 7, Paragraph 3

BLAIR HOUSE AGREEMENT

The 1992 Blair House Agreement (BHA) between the US and the EU was an important element of the final Uruguay Round Agreement for Agriculture. BHA resolved a US-EU dispute over EU domestic support that impaired access to the EU oilseed market.

The BHA limits the EU production of oilseeds. BHA restricts the maximum EU oilseed area for food use to 4.9338 million ha, and the annual output of oilmeal from oilseeds planted on set-aside land for industrial use to 1 million MT of soybean meal equivalent.

The by-product limit has not been adjusted to account for the 2004 enlargement of the EU. However, enlargement did not greatly increase the set-aside acreage devoted to industrial oilseeds in the short term due to the fact that in eight out of ten of the new member states, farmers does not have a set-aside obligation.

Starting with the 02/03 marketing year, the EU has maintained that they are no longer bound by the Blair House agreement obligations with regard to acreage limits for oilseeds on non-set-aside land. On the European Commission web site the Commission states that "the gradual alignment of payments per hectare with the aid planned for cereals and set-aside will eventually eliminate their specific character, thus freeing producers of the hectare limits set out in the Blair House agreement. Consequently, the EU has not provided data showing compliance with the acreage limitations.

BIOTECH AND LABELING

The EU's labeling requirements are intended to address consumer concerns, and are not related to safety. Before a product can be labeled as biotech, the Commission must review its safety and authorize the marketing of it. Similarly, the EFSA must issue a positive risk assessment.

Labeling regulations for products containing or consisting of GMOs are presented in [Regulation \(EC\) No 1830/2003](#), article 4B. In general, these labeling regulations apply to bulk agricultural commodities such as whole grains and oilseeds. The scope of GMO products covered is defined in Directive 2001/18.

Labeling regulations for food and feed products that are produced from GMOs are presented in [Regulation \(EC\) No 1829/2003](#), articles 12-13 for food and articles 24-25 for feed. These products have undergone varying degrees of processing.

In general, all food and feed products containing/consisting of GMOs and/or produced from GMOs, including products that no longer contain detectable traces of GMOs must be labeled. The allowable adventitious presence level for EU-approved varieties of GMOs for use in food and feed is set at 0.9 percent. Above this level, all products must be labeled. For GM varieties, which are not yet formally approved but which have received a positive EU risk assessment, the adventitious presence level is set 0.5 percent. This provision will expire after 3 years. Above this threshold, the product is not allowed on the EU market. Operators must demonstrate that the presence of GM material was adventitious or technically unavoidable.

The regulation does not require labeling of products that are not food ingredients, such as processing aids. Meat, milk or eggs obtained from animals fed with GM feed or treated with GM medicinal products do not require GM labeling.

Visit our website: our website <http://useu.usmission.gov/agri/> provides a broad range of useful information on EU import rules and food laws and allows easy access to USEU reports, trade information and other practical information.

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Related reports from USEU Brussels:

Report Number	Title	Date Released
E36056	Import Duties for Biofuels	04/06/06
E36051	Changes in the EU oilseed situation	03/24/06
E36043	European Commission Publishes Biofuel Strategy	03/10/06
E36035	EU Rapeseed Crop Reaches Record Levels as Biofuels Market Boost Demand	03/01/06
E35235	Commission Biofuels Action Plan could open new opportunities for US soybean	12/15/05
E35204	Imports of GM rapeseed and rapeseed oil for Biodiesel	10/25/05
E35172	European Commission Forecasts on Oilseeds and Biofuels	08/31/05
These reports can be accessed through our website http://useu.usmission.gov/agri/ or through the FAS website http://www.fas.usda.gov/scripts/attacherep/default.asp .		

Related reports from: Benelux

Report Number	Title	Date Released
NL6005	Biofuels situation in the Benelux	02/02/06
NL5017	Dutch Palm Oil imports are expected to surge	06/08/05

Related reports from: France

Report Number	Title	Date Released
FR6016	French rapeseed production continues to increase	03/10/06
FR6005	French biofuels production booms	01/24/06
FR5057	Record rapeseed crop expected in France in 2005	08/26/05

Related reports from: Germany

Report Number	Title	Date Released
GM6006	Winter rapeseed are projected to increase again	02/17/06
GM5033	Rapeseed crop estimated raised but still below last year's result	09/01/05
GM5026	Germany may cut mineral oil tax waiver for biodiesel	07/14/05

Related reports from: Hungary

Report Number	Title	Date Released
HU6005	Hungary, grain and feed, biofuels situation and policy	05/05/06

Related reports from: Poland

Report Number	Title	Date Released
PL6064	Crop condition in Poland less favorable than a year ago.	06/09/06